

# SENATE BILL 794

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CF HB 947

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By: **Senators Garagiola, Astle, DeGrange, Glassman, King, Klausmeier, Mathias, Middleton, Muse, and Robey**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation and Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 25, 2012

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Horse Racing – Purse Dedication Account – Use of Funds for Operating**  
3 **Assistance**

4 FOR the purpose of ~~repealing a restriction that limits to a certain calendar year~~  
5 authorizing for certain calendar years the use of certain Purse Dedication  
6 Account funds for operating assistance by the Ocean Downs Race Course and  
7 Rosecroft Raceway to support a minimum of a certain number of live racing  
8 days at each of these race courses; authorizing the use of certain revenues from  
9 the Purse Dedication Account for certain operating expenses at certain  
10 racetracks; placing certain conditions on the receipt of certain grants from the  
11 Purse Dedication Account; requiring certain racing licensees to provide certain  
12 information to the Secretary of Labor, Licensing, and Regulation under certain  
13 circumstances; providing for the effective date of certain provisions of this Act;  
14 providing for the termination of certain provisions of this Act; and generally  
15 relating to the use of Purse Dedication Account funds by the Ocean Downs Race  
16 Course and Rosecroft Raceway for operating assistance.

17 BY repealing and reenacting, without amendments,  
18 Article – State Government  
19 Section 9–1A–28(e), (f), and (h)  
20 Annotated Code of Maryland  
21 (2009 Replacement Volume and 2011 Supplement)

22 BY repealing and reenacting, with amendments,

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Article – State Government  
 2 Section 9–1A–28(g)  
 3 Annotated Code of Maryland  
 4 (2009 Replacement Volume and 2011 Supplement)

5 BY renumbering  
 6 Article – State Government  
 7 Section 9–1A–28(g) and (h), respectively  
 8 to be Section 9–1A–28(i) and (j), respectively  
 9 Annotated Code of Maryland  
 10 (2009 Replacement Volume and 2011 Supplement)  
 11 (As enacted by Chapter 412 of the Acts of the General Assembly of 2011)

12 BY adding to  
 13 Article – State Government  
 14 Section 9–1A–28(g) and (h)  
 15 Annotated Code of Maryland  
 16 (2009 Replacement Volume and 2011 Supplement)  
 17 (As enacted by Chapter 412 of the Acts of the General Assembly of 2011)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – State Government**

21 9–1A–28.

22 (e) The amount of funds allocated to standardbred purses and the  
 23 Standardbred Race Fund shall be allocated as follows:

24 (1) 89% to standardbred purses at Rosecroft Raceway, Ocean Downs  
 25 Race Course, and the racecourse in Allegany County, allocated based on the number of  
 26 live racing days at each track location; and

27 (2) 11% to the Standardbred Race Fund.

28 (f) From the amount provided to thoroughbred purses, the State Racing  
 29 Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under §  
 30 11–811 of the Business Regulation Article.

31 (g) Of the amount provided from the Purse Dedication Account under  
 32 subsection (e)(1) of this section:

33 (1) for Ocean Downs Race Course, up to \$1,200,000 ~~ANNUALLY EACH~~  
 34 YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 may be used to provide  
 35 operating assistance to support a minimum of 40 ANNUAL live racing days [for  
 36 calendar year 2012 only] FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015

1 ONLY unless the racing licensee is prevented by weather, acts of God, or other  
2 circumstances beyond the racing licensee's control; and

3 (2) for Rosecroft Raceway, up to \$1,200,000 ~~ANNUALLY EACH YEAR~~  
4 FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 may be used to provide  
5 operating assistance to support a minimum of 40 ANNUAL live racing days [for  
6 calendar year 2012 only] FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015  
7 ONLY unless the racing licensee is prevented by weather, acts of God, or other  
8 circumstances beyond the racing licensee's control.

9 (h) (1) To obtain operating assistance under this section:

10 (i) a holder of a racing license to race at Ocean Downs Race  
11 Course or Rosecroft Raceway may apply to the Secretary of Labor, Licensing, and  
12 Regulation for the reimbursement of expenditures made by the racing licensee to  
13 conduct the annual live racing schedule; and

14 (ii) a holder of a racing license to race at Rosecroft Raceway  
15 shall:

- 16 1. agree to rehire workers employed at the facility prior  
17 to the end of live racing on June 27, 2008; and
- 18 2. recognize collective bargaining agreements that were  
19 in place as of June 1, 2008.

20 (2) (i) On the completion of the review of the application by a  
21 certified public accountant, the Secretary may authorize the reimbursement of  
22 expenditures by the racing licensee that are necessary to conduct the annual live  
23 racing schedule.

24 (ii) Expenditures eligible for reimbursement under  
25 subparagraph (i) of this paragraph shall include the ordinary and reasonable costs of  
26 conducting the race meetings, pari-mutuel wagering, and stabling activities of the  
27 racing licensee, net of ordinary income and receipts.

28 (iii) The reimbursement calculation under subparagraph (ii) of  
29 this paragraph may not include:

- 30 1. extraordinary income and expense-related items,  
31 including extraordinary litigation expenses;
- 32 2. lobbying fees;
- 33 3. capital investments, including predevelopment costs;

34 or

1 4. prior year adjustments and claims.

2 (3) All costs associated with the racing licensee's application shall be  
3 paid by the racing licensee.

4 (4) In support of the racing licensee's application and request for  
5 reimbursement submitted under paragraph (1) of this subsection, the racing licensee  
6 shall provide to the Secretary:

7 (i) monthly financial information requested by the Secretary, in  
8 a form satisfactory to the Secretary; and

9 (ii) an annual audited financial statement.

10 (5) A racing licensee may not receive assistance under this section  
11 while the racing licensee is a party to a proceeding challenging the issuance or denial  
12 of a video lottery operation license.

13 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 9-1A-28(g)  
14 and (h), respectively, of Article – State Government of the Annotated Code of  
15 Maryland be renumbered to be Section(s) 9-1A-28(i) and (j), respectively.

16 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
17 read as follows:

18 **Article – State Government**

19 9-1A-28.

20 (e) The amount of funds allocated to standardbred purses and the  
21 Standardbred Race Fund shall be allocated as follows:

22 (1) 89% to standardbred purses at Rosecroft Raceway, Ocean Downs  
23 Race Course, and the racecourse in Allegany County, allocated based on the number of  
24 live racing days at each track location; and

25 (2) 11% to the Standardbred Race Fund.

26 (f) From the amount provided to thoroughbred purses, the State Racing  
27 Commission shall pay an annual grant of \$100,000 to Fair Hill, as defined under §  
28 11-811 of the Business Regulation Article.

29 **(G) OF THE AMOUNT PROVIDED FROM THE PURSE DEDICATION**  
30 **ACCOUNT UNDER SUBSECTION (E)(1) OF THIS SECTION:**

1           **(1) FOR OCEAN DOWNS RACE COURSE, UP TO \$1,200,000**  
2 **~~ANNUALLY~~ EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015** MAY  
3 **BE USED TO PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40**  
4 **ANNUAL LIVE RACING DAYS FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015**  
5 **UNLESS THE RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR**  
6 **OTHER CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL; AND**

7           **(2) FOR ROSECROFT RACEWAY, UP TO \$1,200,000 ~~ANNUALLY~~**  
8 **EACH YEAR FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015** MAY BE USED TO  
9 **PROVIDE OPERATING ASSISTANCE TO SUPPORT A MINIMUM OF 40 ANNUAL LIVE**  
10 **RACING DAYS FOR CALENDAR YEARS 2012, 2013, 2014, AND 2015 UNLESS THE**  
11 **RACING LICENSEE IS PREVENTED BY WEATHER, ACTS OF GOD, OR OTHER**  
12 **CIRCUMSTANCES BEYOND THE RACING LICENSEE'S CONTROL.**

13           **(H) (1) TO OBTAIN OPERATING ASSISTANCE UNDER THIS SECTION:**

14           **(I) A HOLDER OF A RACING LICENSE TO RACE AT OCEAN**  
15 **DOWNS RACE COURSE OR ROSECROFT RACEWAY MAY APPLY TO THE**  
16 **SECRETARY OF LABOR, LICENSING, AND REGULATION FOR THE**  
17 **REIMBURSEMENT OF EXPENDITURES MADE BY THE RACING LICENSEE TO**  
18 **CONDUCT THE ANNUAL LIVE RACING SCHEDULE; AND**

19           **(II) A HOLDER OF A RACING LICENSE TO RACE AT**  
20 **ROSECROFT RACEWAY SHALL:**

21                   **1. AGREE TO REHIRE WORKERS EMPLOYED AT THE**  
22 **FACILITY PRIOR TO THE END OF LIVE RACING ON JUNE 27, 2008; AND**

23                   **2. RECOGNIZE COLLECTIVE BARGAINING**  
24 **AGREEMENTS THAT WERE IN PLACE AS OF JUNE 1, 2008.**

25           **(2) (I) ON THE COMPLETION OF THE REVIEW OF THE**  
26 **APPLICATION BY A CERTIFIED PUBLIC ACCOUNTANT, THE SECRETARY MAY**  
27 **AUTHORIZE THE REIMBURSEMENT OF EXPENDITURES BY THE RACING**  
28 **LICENSEE THAT ARE NECESSARY TO CONDUCT THE ANNUAL LIVE RACING**  
29 **SCHEDULE.**

30           **(II) EXPENDITURES ELIGIBLE FOR REIMBURSEMENT**  
31 **UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE THE**  
32 **ORDINARY AND REASONABLE COSTS OF CONDUCTING THE RACE MEETINGS,**  
33 **PARI-MUTUEL WAGERING, AND STABLING ACTIVITIES OF THE RACING**  
34 **LICENSEE, NET OF ORDINARY INCOME AND RECEIPTS.**

1                   **(III) THE REIMBURSEMENT CALCULATION UNDER**  
2 **SUBPARAGRAPH (II) OF THIS PARAGRAPH MAY NOT INCLUDE:**

3                   **1. EXTRAORDINARY INCOME AND**  
4 **EXPENSE-RELATED ITEMS, INCLUDING EXTRAORDINARY LITIGATION**  
5 **EXPENSES;**

6                   **2. LOBBYING FEES;**

7                   **3. CAPITAL INVESTMENTS, INCLUDING**  
8 **PREDEVELOPMENT COSTS; OR**

9                   **4. PRIOR YEAR ADJUSTMENTS AND CLAIMS.**

10                   **(3) ALL COSTS ASSOCIATED WITH THE RACING LICENSEE'S**  
11 **APPLICATION SHALL BE PAID BY THE RACING LICENSEE.**

12                   **(4) IN SUPPORT OF THE RACING LICENSEE'S APPLICATION AND**  
13 **REQUEST FOR REIMBURSEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS**  
14 **SUBSECTION, THE RACING LICENSEE SHALL PROVIDE TO THE SECRETARY:**

15                   **(I) MONTHLY FINANCIAL INFORMATION REQUESTED BY**  
16 **THE SECRETARY, IN A FORM SATISFACTORY TO THE SECRETARY; AND**

17                   **(II) AN ANNUAL AUDITED FINANCIAL STATEMENT.**

18                   **(5) A RACING LICENSEE MAY NOT RECEIVE ASSISTANCE UNDER**  
19 **THIS SECTION WHILE THE RACING LICENSEE IS A PARTY TO A PROCEEDING**  
20 **CHALLENGING THE ISSUANCE OR DENIAL OF A VIDEO LOTTERY OPERATION**  
21 **LICENSE.**

22                   SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this  
23 Act shall take effect on the taking effect of the termination provision specified in  
24 Section 5 of Chapter 412 of the Acts of the General Assembly of 2011. If that  
25 termination provision takes effect, Section 1 of this Act shall be abrogated and of no  
26 further force and effect. This Act may not be interpreted to have any effect on that  
27 termination provision.

28                   SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions  
29 of Section 4 of this Act, this Act shall take effect October 1, 2012.